

AMENDED IN ASSEMBLY AUGUST 25, 1997

AMENDED IN ASSEMBLY JULY 9, 1997

AMENDED IN SENATE MAY 1, 1997

**SENATE BILL**

**No. 543**

**Introduced by Committee on Agriculture and Water Resources (Senators Costa (Chair), Craven, Johnston, Kelley, Kopp, Monteith, Peace, Thompson, and Wright)**

February 24, 1997

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~~An act to amend Sections 74224 and 11454 of, the Water Code, and to add Section 32.5 to the Water Conservation Act of 1927 (Chapter 91 of the Statutes of 1927), relating to water; An act to amend Sections 11454, 13459.5, 74224, and 78645 of, and to add Section 36560 to, the Water Code, to amend Section 4 of Chapter 1428 of the Statutes of 1985, and to add Section 32.5 to the Water Conservation Act of 1927 (Chapter 91 of the Statutes of 1927), relating to water; making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 543, as amended, Committee on Agriculture and Water Resources. Water resources.

(1) The Water Conservation District Law of 1931 requires the board of a water conservation district to hold regular meetings in its office at prescribed times.

This bill would allow the board to change, by resolution, the location for holding regular meetings in accordance with a specified notification procedure.

(2) Existing law authorizes the Department of Water Resources to enter into contracts and agreements to carry out its responsibilities relating to the State Water Project.

This bill would allow those contracts and agreements to include prescribed indemnification provisions.

(3) The Water Conservation Act of 1927 imposes duties on the county treasurer and the county auditor in connection with the operation of districts subject to that act.

This bill would authorize the board of a district to assume responsibilities over the deposit and disbursement of funds of a district, as prescribed.

(4) Under the Clean Water Bond Law of 1984, the Water Conservation and Water Quality Bond Law of 1986, and the Water Conservation Bond Law of 1988, the department may make loans to local agencies, upon approval of the Legislature by statute, for prescribed purposes.

This bill would make an appropriation by authorizing loans from the Water Conservation Account in the 1984 State Clean Water Bond Fund, the Water Conservation and Groundwater Recharge Account in the 1986 Water Conservation and Water Quality Bond Fund, and the 1988 Water Conservation Fund to specified entities for specified projects in accordance with those bond laws.

(5) *Existing law authorizes any jurisdiction to levy an ad valorem property tax rate in excess of the rate permitted pursuant to Section 1 of Article XIII A of the California Constitution for bonded indebtedness for the acquisition or improvement of real property that is approved by  $\frac{2}{3}$  of its voters after June 4, 1986. Article XIII C and Article XIII D of the California Constitution establish various approval and other procedural requirements with respect to the imposition of local taxes and with respect to the imposition of local assessments, and fees and charges, as defined. The California Water District Law authorizes California water districts to impose prescribed assessments on property owners within those districts.*

*This bill would declare that those assessments are ad valorem taxes that are imposed in accordance with Article XIII A of the California Constitution and are not subject to the requirements of Article XIII D of the California Constitution.*



(6) Existing law requires the Department of Toxic Substances Control to establish specified funding for site operations and maintenance for remedial measures affecting a specified San Gabriel Valley Superfund site, and to deposit sufficient funds to cover the costs of operation and maintenance of carbon absorption treatment systems at the Richwood, Hemlock, and Rurban Homes Mutual Water Companies for 20 years.

This bill would require the department to determine whether it is more economical to provide Richwood residents with a substitute source of water supply than to maintain, operate, or repair a treatment system. If the department determines that a substitute source of water supply is more economical, the bill would allow the expenditure of specified funds to provide Richwood residents with a substitute source of water supply, subject to approval as prescribed.

(7) The Safe, Clean, Reliable Water Supply Act requires the unallocated funds remaining in the Agricultural Drainage Water Account in the 1986 Water Conservation and Water Quality Bond Fund on November 6, 1996, to be transferred to the Drainage Management Subaccount of the Clean Water and Water Recycling Account in the Safe, Clean, Reliable Water Supply Fund.

This bill would, additionally, require any funds deposited into the Agricultural Drainage Water Account from the sale of any bonds that are sold after November 6, 1996, to be transferred to the Drainage Management Subaccount.

(8) The California Safe Drinking Water Bond Law of 1988 permits bond proceeds in the California Safe Drinking Water Fund to be used for a grant program with grants provided to prescribed entities, subject to specific approval of the Legislature.

This bill would make an appropriation by authorizing grants from the fund to unspecified entities for the purposes of financing unspecified projects to identify alternatives for system improvements in accordance with that bond law.

~~(6)–~~

(9) The bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 ~~SECTION 1. Section 74224 of the Water Code is~~  
2 ~~amended to read:~~

3 ~~74224. Notwithstanding Section 74223, the board may,~~  
4 ~~by resolution, change the day and location for holding~~  
5 ~~regular meetings. Notice of any such change shall be~~  
6 ~~published once a week for at least two consecutive weeks~~  
7 ~~before the date for a regular meeting in a newspaper of~~  
8 ~~general circulation circulated in the district.~~

9 ~~SEC. 2.—~~

10 *SECTION 1.* Section 11454 of the Water Code is  
11 amended to read:

12 11454. Under such regulations and upon such terms,  
13 limitations, and conditions as it prescribes, the  
14 department may do any of the following:

15 (a) Fix and establish the prices, rates, and charges at  
16 which the resources and facilities made available by the  
17 project shall be sold and disposed of.

18 (b) (1) Enter into contracts and agreements and do  
19 any and all things which in its judgment are necessary,  
20 convenient, or expedient for the accomplishment of the  
21 purposes and objects of this part.

22 (2) The contracts and agreements may include  
23 provisions for the indemnification of parties with whom  
24 the department contracts as necessary to accomplish the  
25 purposes and objects of this part, except that the contracts  
26 and agreements may not include provisions for the  
27 indemnification, including indemnification for any costs  
28 of defense, of any party to those contracts or agreements  
29 for that party's acts or omissions involving negligence,  
30 gross negligence, recklessness, or willful misconduct or  
31 for acts or omissions involving negligence, gross  
32 negligence, recklessness, or willful misconduct on the  
33 part of that party's employees, agents, or contractors.

34 (3) *The Legislature finds and declares that the*  
35 *amendments made to this subdivision during the 1997*

1 *portion of the 1997–98 Regular Session are declaratory of*  
2 *existing law.*

3 *SEC. 1.5. Section 13459.5 of the Water Code is*  
4 *amended to read:*

5 13459.5. Unallocated funds remaining in the  
6 Agricultural Drainage Water Account in the 1986 Water  
7 Conservation and Water Quality Bond Fund on  
8 November 6, 1996, and any funds deposited into that  
9 account from the sale of any bonds that are sold after  
10 November 6, 1996, shall be transferred to the Drainage  
11 Management Subaccount, created by Section 78641, of  
12 the Clean Water and Water Recycling Account in the  
13 Safe, Clean, Reliable Water Supply Fund for the purposes  
14 of subdivision (b) of Section 78645.

15 *SEC. 2. Section 36560 is added to the Water Code, to*  
16 *read:*

17 36560. Assessments that are imposed pursuant to this  
18 part and Part 7.5 (commencing with Section 37200) to  
19 pay the principal of, and interest on, general obligation  
20 bonds of a district or which are issued by a district for an  
21 improvement district are ad valorem taxes that are  
22 imposed in accordance with subdivision (b) of Section 1  
23 of Article XIII A of the California Constitution and are  
24 not, therefore, subject to the procedures and approval  
25 process of Article XIII D of the California Constitution.  
26 This section shall not be construed as declaring that any  
27 other type of assessment is either exempt from, or subject  
28 to, the procedures and approval process of Article XIII D  
29 of the California Constitution.

30 *SEC. 2.5. Section 74224 of the Water Code is amended*  
31 *to read:*

32 74224. Notwithstanding Section 74223, the board may,  
33 by resolution, change the day and location for holding  
34 regular meetings. Notice of any such change shall be  
35 published once a week for at least two consecutive weeks  
36 before the date for a regular meeting in a newspaper of  
37 general circulation circulated in the district.

38 *SEC. 2.7. Section 78645 of the Water Code is amended*  
39 *to read:*

1 78645. (a) Any unallocated funds remaining in the  
2 Agricultural Drainage Water Account in the 1986 Water  
3 Conservation and Water Quality Bond Fund on  
4 November 6, 1996, *and any funds deposited into that*  
5 *account from the sale of any bonds that are sold after*  
6 *November 6, 1996*, shall be transferred to the subaccount.

7 (b) Notwithstanding Section 13340 of the  
8 Government Code, any funds that are transferred  
9 pursuant to subdivision (a) to the subaccount are hereby  
10 continuously appropriated, without regard to fiscal years,  
11 to the Department of Food and Agriculture for programs  
12 to develop methods of using drainage water and reducing  
13 toxic materials in drainage water through reuse of the  
14 water and the use of the remaining salts. Priority shall be  
15 given to source reduction projects and programs.

16 SEC. 3. Section 32.5 is added to the Water  
17 Conservation Act of 1927 (Chapter 91 of the Statutes of  
18 1927), to read:

19 Sec. 32.5. As an alternative to the functions of the  
20 county treasurer and the county auditor provided in this  
21 act, the board may elect to disburse funds of the district.  
22 The election shall be made by resolution of the board and  
23 the filing of a certified copy thereof with the county  
24 treasurer. The county treasurer shall thereupon deliver  
25 to the district all funds of the district. The funds shall be  
26 deposited by the board in a bank or banks approved for  
27 deposit of public funds and shall be withdrawn only by  
28 written order of the board, signed by the president and  
29 secretary. The order shall specify the name of the payee  
30 and the fund from which it is to be paid and shall state  
31 generally the purpose for which payment is to be made.  
32 The order shall be entered in the minutes of the board.  
33 The board shall appoint a treasurer who shall be  
34 responsible for the deposit and withdrawal of the funds of  
35 the district. The treasurer shall deposit with the district,  
36 prior to October 1 of each year, a surety bond in an  
37 amount annually fixed by the board. The deposit and  
38 withdrawal of funds of the district shall thereafter be  
39 subject to the provisions of Article 2 (commencing with  
40 Section 53630) of Chapter 4 of Part 1 of Division 2 of Title

1 5 of the Government Code. Any district electing to  
2 disburse funds pursuant to this section shall file with the  
3 board of supervisors an annual audit of those  
4 disbursements that meets the approval of the board of  
5 supervisors.

6 *SEC. 3.5. Section 4 of Chapter 1428 of the Statutes of*  
7 *1985 is amended to read:*

8 Sec. 4. (a) Upon installation of the carbon absorption  
9 water treatment systems funded in subdivision (b) of  
10 Section 3 of this act, the—State Department of —Health  
11 ~~Services~~ *Toxic Substances Control* shall establish,  
12 pursuant to Section 25330.5 of the Health and Safety  
13 Code, a subaccount for site operation and maintenance  
14 for remedial measures affecting the San Gabriel Valley  
15 Superfund site, and shall deposit in the subaccount  
16 sufficient funds to cover the costs of operation and  
17 maintenance of the carbon absorption water treatment  
18 systems at the Richwood, Hemlock, and Rurban Homes  
19 Mutual Water Companies for 20 years. The funds shall be  
20 allocated from the Hazardous Substance Account or the  
21 Hazardous Substance Cleanup Fund.

22 (b) *The Department of Toxic Substances Control shall*  
23 *determine whether it is more economical to provide*  
24 *Richwood residents with a substitute source of water*  
25 *supply than to maintain, operate, or repair a treatment*  
26 *system. Notwithstanding any other provision of this act,*  
27 *if the department determines that a substitute source of*  
28 *water supply is more economical, funds appropriated*  
29 *pursuant to subdivision (b) of Section 3 of this act, less the*  
30 *amount, if any, that the department determines it is*  
31 *required to reimburse the Environmental Protection*  
32 *Agency for the cost of the installation of the water*  
33 *treatment system, may be expended to provide*  
34 *Richwood residents with a substitute source of water*  
35 *supply. The substitute source of water supply shall only be*  
36 *provided by a public water system whose service to the*  
37 *customers of the Richwood Mutual Water Company has*  
38 *been expressly approved by the district engineer of the*  
39 *State Department of Health Services, Drinking Water*  
40 *Field Operations Branch, for the district in which the*

1 *Richwood Mutual Water Company and the prospective*  
2 *supplier are located. If the Department of Toxic*  
3 *Substances Control expends funds on a substitute source*  
4 *of water supply, no additional funds for the operation and*  
5 *maintenance of the water treatment system at the*  
6 *Richwood Mutual Water Company shall be deposited*  
7 *into the subaccount pursuant to subdivision (a). This*  
8 *subdivision shall not be construed to require the*  
9 *Department of Toxic Substances Control to actually*  
10 *reimburse the Environmental Protection Agency for its*  
11 *share of the cost of the design, purchase, and installation*  
12 *of the water treatment system prior to expending funds*  
13 *to provide Richwood residents with a substitute source of*  
14 *water supply.*

15 SEC. 4. (a) Pursuant to subdivision (a) of Section  
16 12879.4, and Sections 13458 and 13999.11, of the Water  
17 Code, the Department of Water Resources may make  
18 loans from the 1988 Water Conservation Fund, the Water  
19 Conservation and Groundwater Recharge Account in the  
20 1986 Water Conservation and Water Quality Bond Fund,  
21 and the Water Conservation Account in the 1984 State  
22 Clean Water Bond Fund, in accordance with the Water  
23 Conservation Bond Law of 1988 (Chapter 4.7  
24 (commencing with Section 12879) of Part 6 of Division 6  
25 of the Water Code), the Water Conservation and Water  
26 Quality Bond Law of 1986 (Chapter 6.1 (commencing  
27 with Section 13450) of Division 7 of the Water Code), and  
28 the Clean Water Bond Law of 1984 (Chapter 15  
29 (commencing with Section 13999) of Division 7 of the  
30 Water Code) to the following agencies for the following  
31 purposes:

32 (1) Water conservation projects:

33 (A) Lake Hemet Municipal Water District pipeline  
34 and tank replacement project in Riverside County.

35 (B) Eastern Municipal Water District water pipeline  
36 replacement project in Riverside County.

37 (C) Eastern Municipal Water District water tank and  
38 supply pipeline replacement project in Riverside County.

39 (D) City of Jackson pipeline project in Amador  
40 County.



1 (E) Stinson Beach County Water District water tank  
2 replacement project in Marin County.

3 (2) Groundwater recharge projects:

4 (A) Water Replenishment District of Southern  
5 California groundwater recharge project in the Los  
6 Angeles Forebay in Los Angeles County.

7 (B) Water Replenishment District of Southern  
8 California groundwater recharge project in the  
9 Montebello Forebay in Los Angeles County.

10 (3) Feasibility study:

11 (A) Water Replenishment District of Southern  
12 California groundwater recharge feasibility study in  
13 southern Los Angeles County.

14 (b) The Department of Water Resources shall  
15 determine eligibility for, and the amount of, any loan  
16 authorized by subdivision (a) in accordance with the  
17 Water Conservation Bond Law of 1988 (Chapter 4.7  
18 (commencing with Section 12879) of Part 6 of Division 6  
19 of the Water Code), the Water Conservation and Water  
20 Quality Bond Law of 1986 (Chapter 6.1 (commencing  
21 with Section 13450) of Division 7 of the Water Code), and  
22 the Clean Water Bond Law of 1984 (Chapter 15  
23 (commencing with Section 13999) of Division 7 of the  
24 Water Code), and may make those loans in accordance  
25 with those bond laws.

26 ~~SEC. 5. (a) Pursuant to Sections 14011 and 14012 of~~  
27 ~~the Water Code, the Department of Water Resources~~  
28 ~~may make grants from the California Safe Drinking~~  
29 ~~Water Fund in accordance with the California Safe~~  
30 ~~Drinking Water Bond Law of 1988 (Chapter 16~~  
31 ~~(commencing with Section 14000) of Division 7 of the~~  
32 ~~Water Code) to the following agencies for the purposes~~  
33 ~~of financing the following proposed projects to identify~~  
34 ~~alternatives for system improvements:~~

35 ~~(b) The Department of Water Resources shall~~  
36 ~~determine eligibility for, and the amount of, any grant~~  
37 ~~authorized in subdivision (a) in accordance with the~~  
38 ~~California Safe Drinking Water Bond Law of 1988~~  
39 ~~(Chapter 16 (commencing with Section 14000) of~~

1 ~~Division 7 of the Water Code), and may make those~~  
2 ~~grants in accordance with that bond law.~~

3 SEC. 6. This act is an urgency statute necessary for the  
4 immediate preservation of the public peace, health, or  
5 safety within the meaning of Article IV of the  
6 Constitution and shall go into immediate effect. The facts  
7 constituting the necessity are:

8 In order to remedy critical water quality and supply  
9 problems, thereby protecting the public health and  
10 safety, and, as soon as possible, to allow water  
11 conservation districts to hold regular meetings at various  
12 locations *to eliminate uncertainty as to the applicability*  
13 *of Article XIII D of the California Constitution to*  
14 *assessments that are levied by California water districts to*  
15 *pay debt service on general obligation bonds, to eliminate*  
16 *grave threats to public health and safety faced by*  
17 *residents of the San Gabriel Basin due to a contaminated*  
18 *water supply and inadequate water distribution systems,*  
19 *to grant certain authority to the boards of districts that are*  
20 *subject to the Water Conservation Act of 1927, to make a*  
21 *change in a provision relating to the transfer of bond*  
22 *proceeds from the Agricultural Drainage Water Account*  
23 *in the 1986 Water Conservation and Water Quality Bond*  
24 *Fund to the Drainage Management Subaccount of the*  
25 *Clean Water and Water Recycling Account in the Safe,*  
26 *Clean, Reliable Water Supply Fund,* and to authorize the  
27 Department of Water Resources to include prescribed  
28 indemnification provisions in contracts and agreements  
29 relating to the State Water Project, it is necessary that this  
30 act take effect immediately.